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April 30, 2019

Mr. David R. Bean
Director of Research and Technical Activities
Project No. 3-24
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Bean:

We are pleased to have the opportunity to review and comment on the Governmental Accounting Standards Board's (GASB or Board) Exposure Draft, *Implementation Guidance on Leases* (Exposure Draft).

We are supportive of the GASB's efforts to provide guidance that clarifies, explains or elaborates on GASB Statement No. 87, *Leases*. We have identified suggestions for clarity during our review of the Exposure Draft that we have included within this letter for your consideration.

Question 4.49

Question 4.49 under the topic *Lessor Recognition and Measurement for Leases Other Than Short-Term Leases and Contracts that Transfer Ownership – Leases of Assets That Are Investments* reads as follows:

Q—An airport has a lease contract with an airline. The contract includes space for aeronautical use as well as nonaeronautical use, as defined by the Federal Aviation Administration. How does paragraph 43 of Statement 87 apply to this lease?

A—A single contract may contain more than one lease. A lease of airport space for nonaeronautical use is not expected to meet the criteria in paragraph 43 of Statement 87 for treatment as a regulated lease. If a contract contains a lease component that meets the criteria of paragraph 43 and a lease component that does not meet the criteria of paragraph 43, the components should be separated in accordance with the multiple component guidance in paragraphs 63–68 of that Statement.

According to the Federal Aviation Administration (FAA) *Airport Compliance Manual*, Order 5190.6B, Chapter 18.3, aeronautical users are "individuals or businesses providing services involving the operation of aircraft or flight support directly related to aircraft operation." Nonaeronautical use of the airport includes "aviation-related uses that do not need to be located on an airport, such as flight kitchens and airline reservation centers." Non-aeronautical uses also include public parking, rental cars, ground transportation, and terminal concessions, such as food, beverage, and news and gift shops. We suggest the Board consider adding a reference to the definitions of aeronautical use and nonaeronautical use as defined by the FAA to Question 4.49 so it is clear to the user that the FAA has specific definitions for both types of uses.

For example:

Q—An airport has a lease contract with an airline. The contract includes space for aeronautical use as well as nonaeronautical use, as defined by the Federal Aviation Administration [Airport Compliance Manual, Order 5190.6B](#). How does paragraph 43 of Statement 87 apply to this lease?

We believe that this measure of clarity in the question would enhance the user's ability to understand the requirements.

Comments not related to specific questions

We appreciate the illustrations in the Exposure Draft. However, we suggest that the Board consider expanding the number of illustrations provided to include application of the lease modifications and partial terminations guidance in paragraphs 71 through 79. Due to the expected complexity from modifying the remaining lease asset, receivable, liability and/or deferred inflow balances from changes occurring during the lease, having illustrations that layout the calculation of the these changes in tables similar to illustrations B1 and B2 would be extremely helpful.

Please contact Tony Boras at (630) 706-2053 or tony.boras@crowe.com or Kevin Smith at (214) 777-5208 or kevin.w.smith@crowe.com should you have any questions.

Cordially,

A handwritten signature in black ink that reads "Crowe LLP". The "C" is large and stylized, and the rest of the text is in a cursive-like font.

Crowe LLP

Cc: James Dolinar, Crowe LLP
Scott Lehman, Crowe LLP